Weekly Economic Review

Unemployment rate drops in February

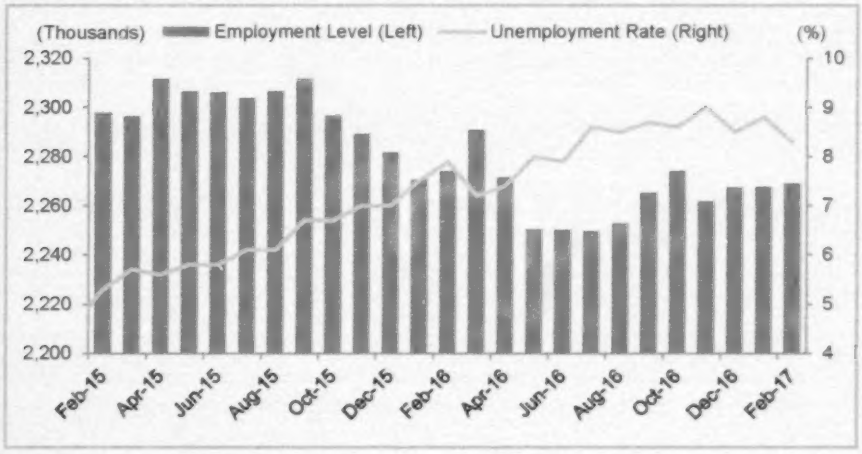
Employment

Unemployment rate at lowest level since June 2016

Alberta's labour market continues to show signs of improvement. Alberta's employment inched higher with 1,300 new jobs added in February. This, combined with a decline in the labour force participation rate, pulled down the unemployment rate from 8.8% to 8.3% (Chart 1). The monthly increase in employment was entirely in full-time jobs (+19,300 m/m) which reversed most of the full-time losses in January. Meanwhile, gains in self-employment more than offset losses in public sector jobs, while private sector employment was fairly flat following declines in the previous months. On an industry basis, job gains occurred in the goods sector (+3,400), led by manufacturing (+2,900) and forestry, fishing, mining, and oil and gas (+1,300). Conversely, service sector jobs fell (-2,200), with roughly half of the service industries posting declines.

Chart 1: Job gains, lower participation rate bring down unemployment rate

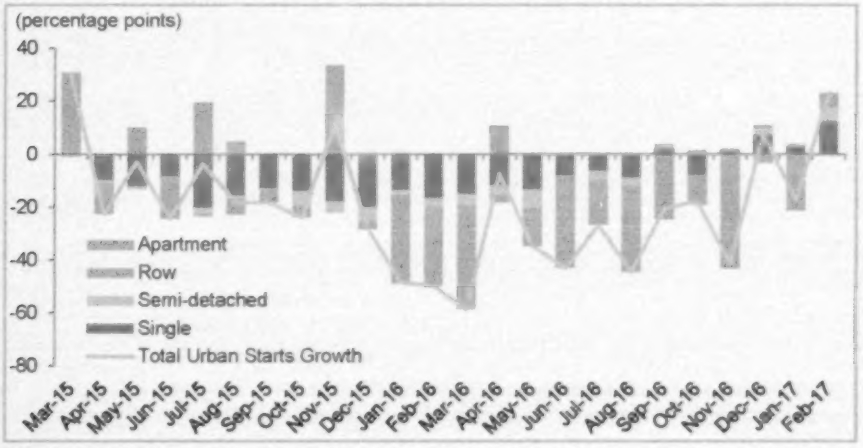
Alberta unemployment rate and employment level



Source: Statistics Canada

Chart 2: Housing starts increase across all segments

Contribution to year-over-year growth in Alberta urban housing starts



Sources: Canadian Mortgage and Housing Corporation

Housing Starts

Starts rebound from multi-year low

After a weak start to the year, housing starts rebounded in February. Housing starts jumped 40.4% month-over-month (m/m) to reach 26,681 units. The monthly increase was largely the result of a surge in multi-unit starts (+104.5%), particularly in Edmonton. This reversed the decline in January when multi-unit starts dipped to the lowest level since April 2011. Meanwhile, semi-detached (+7.6%) and single-detached starts (+8.9%) continued to improve. Compared to a year ago, housing starts were up 17.2% as all housing segments in urban centres recorded annual increases for the first time since October 2014 (Chart 1). At the national level, housing starts improved slightly (+0.6%) to 210,207 units, led by gains in Alberta, Saskatchewan, and BC.

New Housing Price Index

New house prices remain stable

New home prices in Alberta continue to hold steady. The new housing price index (NHPI) was roughly unchanged in January (+0.1% m/m). Compared to a year ago, the NHPI was down slightly by 0.7% year-over-year (y/y) as a continued decline in the house only component offset a modest increase

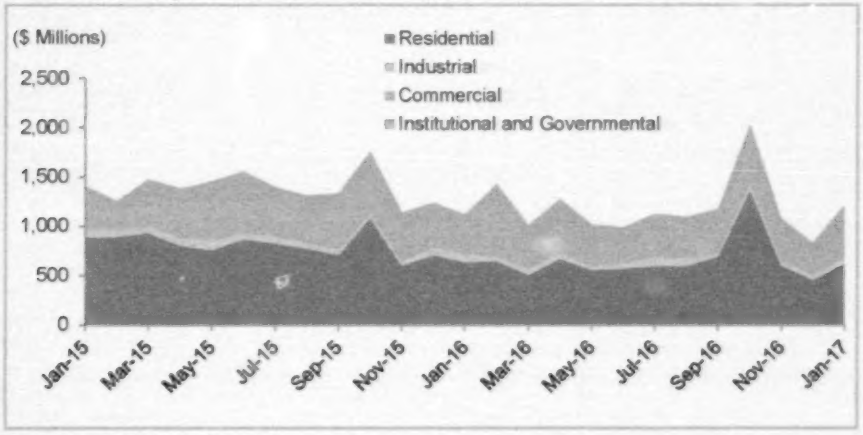
in land prices. Both Edmonton and Calgary experienced similar declines in new home prices over the last year. Nationally, new home prices continue to climb (+3.1% y/y), propelled by strong increases in Ontario (+6.5%) and BC (+3.7%).

Building Permits

Alberta leads gains in building permits

After two consecutive months of decline, Alberta's building permits bounced back in January. The value of building permits surged 46% m/m to $1.2 billion. In dollar terms, Alberta saw the largest increase in the value of building permits among provinces. This was the first monthly increase in Alberta's building permits since November 2016 when changes to the provincial building code took effect. Gains were reported in permits issued for all structure types, led by residential (+35%) and institutional and governmental buildings (+133%). On a year-over-year basis, building permits were up 8.5% (Chart 3), as higher permits issued for institutional and governmental structures (218%) outweighed weakness in the rest of the categories.

Chart 3: Broad-based increases in Alberta's building permits
Value of building permits by structure type



Source: Statistics Canada

Merchandise Trade

Energy exports continue to rally

Alberta exports continued to climb on the back of stronger energy exports. Exports rose 4.6% m/m to $8.3 billion in January, driven by continued strength in energy exports (+7.4%) which account for over 70% of total exports in Alberta. On the other hand, non-energy exports fell 1.7% led by declines in metal and non-metallic mineral products (-9.7%) and basic, industrial chemical, plastics and rubber products (-6.0%). In contrast to energy exports, non-energy exports continue to fall year-over-year (-1.7%) although the pace of decline has eased considerably. Overall exports grew 16% year-over-year.

Business Formation

Recovery in business formation

Alberta's business formation appears to be recovering after two years of downturn. A total of 3,395 Alberta businesses were formed in February, up 4.3% from a year ago. This is the fourth straight month that business formation has increased on a yearly basis, a considerable improvement following declines for the most part of the last two years (Chart 4).

Chart 4: Business formation continues to increase
Year-over-year growth in Alberta business formation

Source: Service Alberta

Contact

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.